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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20510

Earl Scales, Treasurer
Democratic Executive Committee of Florida
810 Thomasville Road
Tallahassee, FL 32303

JUL 16 2003

Identification Number: C00005561

Reference: Amended Year End Report (11/26/02-12/31/02), received 6/30/03

Dear Mr. Scales:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Schedule B supporting Line 21(b) of your report discloses a disbursement for an apparent refund or rebate to your non-federal account for a previously allocated expense. Please be advised the refund or rebate must be allocated between the federal and non-federal accounts according to the same allocation ratio used to allocate the original disbursement. Furthermore, the federal account must transfer the non-federal portion to the non-federal account using one of two methods.

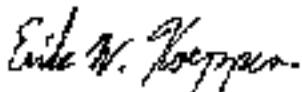
The method of reporting described in Advisory Opinion 1995-22 allows a committee to itemize the refund or rebate as a negative entry on Schedule H4. Alternatively, a committee may disclose the receipt of the refund or rebate into the federal account on Schedule A supporting Line 15, and the transfer of the non-federal account's share to the non-federal account on Schedule H4. Please refer to the enclosed sample of properly reported refunds and rebates of allocable activity and amend your report as appropriate.

-Schedule H2 of your report discloses the event "A006" to be 'new' with a ratio of 100%. Furthermore, you disclose a refund from the DNC on Schedule A supporting Line 15 with a transfer-out to the non-federal account for the non-federal portion of this previously allocated expense on Schedule B supporting Line 21(b). On the 30 Day Post-General Report you

report the event code "A009" for the expenditure to the Democratic National Committee but you now appear to be reporting "A006" as the event on H2 for your transfer out to your non-federal account. Please amend your report to clarify this apparent discrepancy.

A response or amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,



Erik W. Koeppen
Senior Campaign Finance Analyst
Reports Analysis Division

10. Refunds and Rebates of Allocable Expenses

If a committee receives a refund or a rebate of an allocable expense, the refund or rebate must be deposited in the federal or allocation account. The refund or rebate must then be allocated between the federal and nonfederal accounts according to the same allocation ratio used to allocate the original disbursement. The federal account must transfer the nonfederal portion to the nonfederal account.

Example

A committee receives a \$400 rebate on office equipment from the Acme Office Store. The original purchase was an administrative expense allocated according to the following ratio: 75 percent federal; 25 percent nonfederal.

Reporting Method 1 illustrates how this rebate would be reported according to the method approved in Advisory Opinion (AO) 1995-22. Reporting Method 2 shows how the rebate would be reported under an alternative method.

Reporting Method 1

Using the method of reporting described in AO 1995-22, the committee discloses the receipt of the rebate and the federal and nonfederal shares on Schedule H4. The amounts are negative entries subtracted from total shared federal and nonfederal disbursements for the reporting period (disclosed on Lines 21a(i) and (ii) of the Detailed Summary Page).

Reporting Method 2

Under the alternative method, the committee reports the receipt of the \$400 rebate under the category "Offsets to Operating Expenditures" on Line 15 of the Form 3X Detailed Summary Page. The committee uses Schedule H4 to disclose the federal account's \$100 transfer to the nonfederal account for the nonfederal share.

ALLOCATION OF REBATE (H4) (METHOD 1)

DISBURSEMENT SCHEDULE H4 FEDERAL SHARE		JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				PAGE <u>1</u> OF <u>1</u> FOR LINE 21a
NAME OF COMMITTEE State Party Committee		PURPOSE/ACT	DATE	TOTAL AMOUNT	FEDERAL SHARE	
A FULL NAME, MAILING ADDRESS, OR OTHER NAME OF THE COMMITTEE Acme Office Store 889 Deed Blvd City, State ZIP		REBATE	8/15/96	(\$400.00)	(\$300.00)	(\$100.00)
AMOUNT RECEIVED (\$400.00)		REBATE				

This entry shows the receipt of the \$400 rebate and the federal and nonfederal allocated shares. All the amounts are in parentheses to indicate that they are negative entries, that is, the amounts are subtracted from the corresponding Schedule H4 totals (thus reducing the federal and nonfederal shares of disbursements). The year-to-date total is also reduced by the amount of the rebate.

RECEIPT OF REBATE (A/LINE 15) (METHOD 2)

SCHEDULE A RECEIPTS RECEIVED		LINE 15 OFFSETS TO OPERATING EXPENDITURES		PAGE <u>1</u> OF <u>1</u> FOR LINE 21a
NAME OF COMMITTEE State Party Committee		DATE RECEIVED 8/15/96	AMOUNT RECEIVED \$400.00	
A FULL NAME, MAILING ADDRESS, OR OTHER NAME OF THE COMMITTEE Acme Office Store 889 Deed Blvd City, State ZIP		REBATE	(\$400.00)	
REBATE PER: <input type="checkbox"/> PERSON <input checked="" type="checkbox"/> ORGANIZATION AMOUNT RECEIVED: > \$400.00				

The \$400 rebate is reported as a receipt under the category "offsets to operating expenditures" (Line 15 of the Form 3X Detailed Summary Page). The rebate has to be itemized on Schedule A because it exceeds \$200.

TRANSFER OF NONFEDERAL SHARE (H4) (METHOD 2)

DISBURSEMENT SCHEDULE H4 NONFEDERAL SHARE		JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				PAGE <u>1</u> OF <u>1</u> FOR LINE 21a
NAME OF COMMITTEE State Party Committee		PURPOSE/ACT TRANSFER OF NONFEDERAL SHARE OF REBATE (SEE SCHEDULE A/LINE 15)	DATE 8/15/96	TOTAL AMOUNT \$100	FEDERAL SHARE \$100	
A FULL NAME, MAILING ADDRESS, OR OTHER NAME OF THE COMMITTEE Nonfederal Account 446 Democracy Blvd. City, State ZIP		REBATE				

Based on the 75/25 allocation ratio for administrative expenses, the federal account must return \$100 (25 percent of the rebate) to the nonfederal account. The transfer to the nonfederal account is shown on Schedule H4. The entry explains the reason for the transfer and includes a cross-reference to the Schedule A where the rebate is itemized.

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